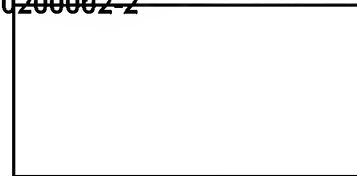




Director of
Central
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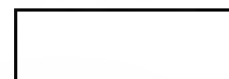


National Intelligence Daily (Cable)

24 February 1979

State Dept. review completed

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SITUATION REPORT

CHINA-VIETNAM-USSR

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Chinese Political Reaction

Most Chinese officials continue to emphasize that the invasion will not last long, but others are suggesting that the duration will depend on Vietnam's military response. A Chinese diplomat in Moscow, for example, remarked that China's objectives could be accomplished in "10 days or so" unless the Vietnamese mounted a strong counterattack. In reportedly telling a Western diplomat yesterday that the incursion will last about another week, Vice Premier Geng Biao carefully added that it may last "a little more."

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//A Chinese official [] has stated that China intends to inflict "significant military damage" on Vietnam, meaning the elimination of five to 10 Vietnamese divisions as effective fighting units. Only then would China be willing to negotiate.// []

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//Although other Chinese sources have claimed that three Vietnamese paramilitary divisions have been destroyed, the Chinese have not severely beaten any large Vietnamese main force units. []

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[redacted] A Chinese diplomat [redacted] stated that it would be difficult to force the Vietnamese to negotiate and that fighting would continue "for a long time.//"

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Soviet Political Reaction

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Soviet media, meanwhile, continue to hit hard at the theme of US complicity in the Chinese invasion of Vietnam. *Pravda* yesterday carried an article again accusing the US of not doing enough to deter China's action and warning all those who try to "appease" the Chinese what "fatal consequences" all this may have. Initial TASS reporting on Secretary Blumenthal's trip to China is characterizing it as a gesture of approval for Beijing.

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Comments by Soviet military leaders made yesterday in speeches commemorating Soviet Armed Forces Day were harshly critical of China's actions, but none went beyond the Soviet Government statement of 18 February which stated only that the USSR would fulfill its treaty commitments to Vietnam. Defense Minister Ustinov reiterated statements he has made that the Soviet armed forces have all they need to carry out any task set by the party and the people. In an obvious reference to the current situation, he also warned that this should be borne in mind by all those who enjoy playing with fire and rattling sabres, whether they be in the West or East.

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[redacted] Soviet comment on the fighting continues to suggest that there is no present need for direct Soviet military intervention. *Izvestia* reported on 22 February that Chinese regular infantry divisions, despite their

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massive superiority in manpower, were suffering heavy losses at the hands of Vietnamese border and regional defense forces.

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BRIEFS AND COMMENTS

IRAN: Chariks' Demonstration

Chariks' demonstration at Tehran University yesterday was an impressive show of strength for Iran's leftists. Press reports on the size of the crowd vary from 50,000 to 150,000. The demonstration--which Ayatollah Khomeini opposed--is certain to increase Khomeini's concern about the Chariks' growing power.

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In their last demonstration before the fall of the Bakhtiar government, the Chariks drew a crowd of only 10,000 or so. Many of the new adherents are probably students returning to Iran from the West. Others have probably been attracted by the Chariks' recent successes.

At yesterday's demonstration, Chariks spokesmen demanded a role in the regime's decisionmaking process. Their other demands included the nationalization of banks and foreign investments, expulsion of foreign oil workers, and the creation of a "People's Army" to replace the current armed forces.

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CHAD: Cease-fire Still Holding

The cease-fire signed on Monday between President Malloum and Prime Minister Habre is still holding in Ndjamena despite scattered shooting. Some businesses are open, but food supplies are tight and electricity and water are restricted. Efforts to reach a more permanent political settlement under Sudanese auspices are temporarily in abeyance pending decisions on a negotiating site and on which parties should be invited.

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Prospects for a lasting settlement are slim, given the entrenched tribal and religious antagonisms sharpened by last week's fighting in Ndjamena.

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Muslim rebel forces have used the period of political turmoil to expand their area of control. One rebel faction has seized government garrison towns north and east of Abeche, and attacked a government post as far south as Goz-Beida. Units of Habre's army occupy Abeche, after forcing soldiers loyal to Malloum to fall back. Some rebel soldiers have been reported as close to the capital as Massakory.

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French officers, who virtually control the regular Chadian Army, apparently have decided to concentrate government forces in major towns of the south, conceding the countryside to rebels. French officials, who are worried about unconfirmed reports of increased Libyan military activity near the Chadian border and Libyan radio broadcasts alleging that Libyan lives and property are threatened by the turmoil in Chad, have moved a detachment of Jaguar fighter bombers from Gabon to Ndjamena.

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North Korea: Criticism of US - South Korean Exercise

North Korea yesterday criticized the joint US - South Korean military exercise "Team Spirit-79" scheduled for 1 to 17 March, asserting that it throws a "dark shadow" over the future of the recently resumed contacts between North and South Korea. Pyongyang stopped well short, however, of threatening to break off the talks at Panmunjom. Despite significant procedural problems at their first meeting in mid-February, the two sides agreed to meet again on 7 March. North Korea has suspended its polemics against the Pak government in its official media, and yesterday's protest hinted that North Korea also intends to discontinue certain types of military activities effective 1 March.

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GREECE: Price Freeze

Greece yesterday froze prices on goods and services, expanding the more limited price controls it adopted last year. In imposing the freeze, Athens was apparently responding to a 3.8-percent jump in prices during January. The goal is to slow inflation to 10 percent in 1979; it was 11.5 percent last year. Enforcement will be extremely difficult even with penalties that include prison terms and fines of over \$1,000.

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SPECIAL ANALYSIS

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RHODESIA: Prospects for the Internal Settlement

[REDACTED]

Chances appear good that the election under Prime Minister Smith's internal settlement plan will be held as scheduled on 20 April, or before. Smith may, however, want to resume negotiations with the guerrillas before the election in order to retain as much control as possible over the talks after the election. The guerrillas will try to increase military pressure to disrupt the election, but the general nature of the fighting is not likely to change before then.

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Rhodesian security forces should be able to assure that the election is carried out, although the size of the turnout will be governed by military factors that are difficult to predict at this time.

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The importance of the election is not in the turnout, but in the way the transitional government uses the election to demonstrate its commitment to a black government. For example, to improve the election's credibility, the transitional government is considering moving the election date closer and temporarily lifting martial law during the election period. Smith would then argue that he has met international demands for black rule and that sanctions should be lifted in order to give the new government--to be installed in May--a chance to succeed.

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[REDACTED]

Smith and his white constituents are as much each other's prisoners as they are each other's partners. The willingness of whites to support the internal settlement is tied directly to Smith and his demonstrated ability to wrest concessions from black leaders in the transitional government.

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The overwhelming white endorsement of the proposed constitution in the referendum on 30 January does not mean that the whites have committed themselves irrevocably to the internal settlement through to the envisioned transfer of power in May, nor does white approval end Smith's responsibilities toward whites. Basically, the referendum signified white acceptance of the constitution as the basis for a transfer of power; they still expect Smith to follow through on his promise of reaching a broader settlement that will end the fighting and bring a lifting of sanctions. [REDACTED]

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One implication in the internal settlement for the whites--and one perhaps not yet fully appreciated by them--is that once a government of national unity has been installed, a black-led government will carry out any negotiations with the guerrillas. Smith thus may wish to reopen settlement talks before the election. The whites in the "government of national unity" would be able to block any concessions to the guerrillas they did not favor, but they might not wish to face a protracted political struggle within the government that might result. Nor would Smith wish to give up direct control over the negotiating process to the winner--presumably Bishop Muzorewa--of an internationally controversial election. [REDACTED]

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The Military Situation

The guerrillas are stepping up their infiltration in preparation for disrupting the election. They made no effort to disrupt the referendum either because they are not prepared or because they wanted to save their resources for what they consider the more important contest in April. [REDACTED]

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The frontline presidents are concerned over the risk to them of an escalation of military activity, particularly because the guerrillas have no political options available to them. So far, the presidents have shown considerable restraint in seeking Soviet and Cuban assistance to counter the actions of the Rhodesian security forces.

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The restraint of the frontline presidents is based in large measure on their fear that the Rhodesian fighting will develop as did the Angolan civil war, complete with South African intervention and a bitter confrontation between the US and the UK on one side and the USSR and Cuba on the other. They probably prefer for the short term to maintain the status quo--with at most a modest increase in Cuban and Soviet assistance--rather than risk drawing the Cubans directly into the conflict.

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